



Australian Government
Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990

Ref: FR2006/514-[108V-QLD]

Mr Ronald W Monaghan
Branch Secretary
LHMU - Queensland Branch
PO Box 3948
SOUTH BRISBANE QLD 4101

Dear Mr Monaghan

Financial Return - year ending 30 June, 2006

Our records show the organisation's financial year ended recently. This letter outlines some of the things you must do to meet your financial reporting obligations and when you have to do them. For simplicity, we will call the documents you have to lodge with us your *financial return*.

This letter is intended as guide to the law applicable on the date of this letter, and should not be used as a substitute for legal or accounting advice. We only summarise some of the reporting requirements in this letter. More detailed information is at the end of this letter.

Information on AIRC Website

We recommend you and your accountant/auditor also refer to the following documents on the Commission's website at www.airc.gov.au:

- [RAO Schedule](#)
- [RAO Regulations](#)
- [Registrar's Reporting Guidelines](#) - All GPFR's must comply with these Guidelines. Please note that the Guidelines set out requirements that are *in addition* to those required by the Australian Accounting Standards.
- [RAO Fact Sheets](#) - These Fact Sheets explain the requirements of the RAO Schedule - many of them deal with financial reporting matters.

Reporting Unit

Under the provisions of the Registration and Accountability of Organisations Schedule (RAO), Schedule 1 of the *Workplace Relations Act 1996*, reporting entities are known as "*reporting units*". Where an organisation is **not** divided into branches the reporting unit is the whole of the organisation. Where an organisation **is** divided into branches each branch will be a reporting unit unless the Industrial Registrar has determined a division of the organisation into reporting units on an alternative basis. We can discuss this with you if you need more information.

For simplicity, we will use the term "reporting unit" in this letter.

Industrial Registrar's Guidelines

The Industrial Registrar's reporting guidelines set out certain disclosure requirements in addition to those prescribed by Australian Accounting Standards having in mind the nature of organisations registered under the Workplace Relations Act.

The disclosure requirements prescribed by the reporting guidelines are directed towards providing members of the reporting unit with information to enable them to gauge the performance of the committee of management and other holders of office in relation to the financial management of the reporting unit. In addition, the reporting guidelines seek to improve the quality of information available to users of the financial report about the reporting unit's economic support of, or economic dependency on, other reporting units of the organisation.

Timeline Planner and Checklist

We have attached a Timeline/Planner (*Attachment A*) to help you **plan** your financial return and carry out all the necessary steps. We have also attached a Document Checklist (*Attachment B*) to **check** your documents before lodging them in the Registry. Both documents are abbreviated summaries of the relevant provisions of the RAO Schedule, RAO Regulations and the Industrial Registrar's Reporting Guidelines.

In the following section we describe some of the documents your reporting unit must prepare and the sequence of their preparation and completion.

Three Reports

Your reporting unit must prepare two reports as soon as practicable after its financial year, which, together with the Auditor's Report, comprise the reporting unit's financial return.

1. **General Purpose Financial Report** - this must comply with the Australian Accounting Standards and the Industrial Registrar's Reporting Guidelines. The GPFR consists of:

(a) Financial Statements containing:

- a profit and loss statement, or other operating statement; and
- a balance sheet; and
- a statement of cash flows; and
- any other statements required by the Australian Accounting Standards; and

(b) Notes to the Financial Statements containing:

- notes required by the Australian Accounting Standards; and
- information required by the Industrial Registrar's *Reporting Guidelines* under section 255 including disclosures related to any recovery of wages activity ; and

(c) Committee of Management Statement as required by the Registrar's Reporting Guidelines (a sample certificate for illustrative purposes is at Attachment C) including declarations related to the recovery of wages activity.

2. **Operating Report** - this report includes a review of your reporting unit's principal activities for the year and other specified information.

Your reporting unit must appoint an auditor to audit the GPFR and to provide:

3. an **Auditor's Report**.

First Meeting (Committee of Management)

For simplicity, we will call the meeting at which the committee of management first considers the GPFR the first meeting. At the first meeting your committee, if satisfied that all is in order, will resolve to express its opinion on the GPFR and complete a Committee of Management Statement.

The Auditor

After the first meeting, the auditor takes the GPFR and the Committee of Management Statement and prepares a report on the GPFR. In practice, your auditor may have already completed most of his or her examination of your accounts. The auditor may only be waiting on the Committee to pass the required resolution and make the Statement before signing the report the same day.

Informing Your Members

Your reporting unit must provide free of charge to the general membership, copies of the GPFR, the Operating Report and the Auditor's Report. RAO calls these the "full report". Under certain circumstances, your reporting unit can provide a more limited *concise report*.

The reporting unit can meet its obligation to provide copies of the full or concise report to members by publishing the report in a journal that is available to the members free of charge.

A reporting unit may meet this obligation in whole or in part by publication of the report in a journal published on a web site on the Internet dependent on:

- a. the extent of the accessibility of the members of the reporting unit to the Internet; and
- b. that the members are notified by the reporting unit in the usual manner in which it communicates with its members that the report has been so published at a specified Internet address.

The report must be provided within 5 or 6 months from the end of the financial year, depending on the internal arrangements of the organisation for the presentation of its financial reports.

The Second Meeting - if it is a General Meeting of Members

After providing the full report to members it must be presented to a general meeting of members. For simplicity this is referred to as the *second meeting*.

Your reporting unit must always allow a minimum of 21 days for members to receive the full report before presenting it to a general meeting of members (s265(5)). The purpose of the interval is to enable the members to have time to consider the report and, if they wish, to attend the second meeting to discuss it.

If the rules of the organisation permit a general meeting to be a series of meetings held at different locations, the full report may be presented to such a series of meetings. In this case the 'date' of the general meeting is taken to be the date of the last meeting in the series (see s266(2)).

The Second Meeting - if it is a Committee of Management Meeting

If the rules of your organisation contain a provision that allows up to 5% of members to demand a general meeting to be held consider the report (see s266(3)), it is permissible to present the report directly to a Committee of Management meeting.

Lodge full report within 14 days of meeting

You must lodge a copy of the full report and any concise report in the Industrial Registry within 14 days of the second meeting. For your convenience you are encouraged to lodge the material electronically (see eFiling Tab at www.airc.gov.au).

The Secretary (or another officer appropriately authorised under the rules of the organisation) must *certify* that the full report is a copy of the one provided to members and presented to the second meeting and provide the date of the meeting (a sample certification for illustrative purposes is at *Attachment D*).

When we receive your return we will check that it includes the information you must provide your members and that you have provided it to them correctly.

Complying with time limits

This letter has outlined some of the steps in preparing and lodging your return. Many of the steps must be completed within fixed time limits.

Failure to complete them in time could make your reporting unit or its officers liable to financial or "civil penalties".

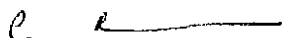
Extensions of Time

We appreciate that sometimes circumstances beyond your reporting unit's control may delay completion of a financial return. If you believe your reporting unit is going to be unable to meet a time limit tell us as soon as you know. We can advise you if the step is one for which you may apply under RAO to the Industrial Registrar for extra time to complete. The maximum extra time allowed can be no more than one month.

Contact the Registry

We encourage you to contact the Registry on (02) 8374 6666 or by e-mail at riasydney@air.gov.au as early as possible if you believe preparation or lodgment of your return will be delayed or if you have any queries. We can offer you advice on procedures but we cannot give you legal or accounting advice.

Yours sincerely

A handwritten signature in black ink, consisting of a stylized 'e' followed by a horizontal line.

For Deputy Industrial Registrar...
1 August, 2006

National Office
Level 9
187 Thomas Street
Haymarket NSW 2000

Jeff Lawrence **Brian Daley**
National Secretary National President

Locked Bag 9
Haymarket NSW 1240
Telephone: (02) 8204 3000
Facsimile: (02) 9281 4480
E-mail: lhmu@lhmu.org.au
Web address: www.lhmu.org.au

Tim Ferrari
Louise Tarrant
Assistant National Secretaries



Organising for the future

ABN: 5272 8088 684

Please address all correspondence to the National Secretary

22 December, 2006

Mr Barry Jenkins
Deputy Industrial Registrar
Australian Industrial Registry
80 William Street
EAST SYDNEY NSW 2010

Dear Mr Jenkins

re: QUEENSLAND BRANCH FINANCIAL REPORTS

I am writing to lodge the financial reports for the LHMU Queensland Branch for the year ended 30 June 2006. Enclosed is the Branch Full Financial Report including:

- The Committee of Management Statement signed by the Branch Secretary.
- The Operating Report signed by the two members of the Branch Executive.
- The Independent Audit Report signed by the Branch Auditors.
- The accounts including the notes to and forming part of the accounts.

The financial reports were presented to the Branch Executive meeting on 27th September 2006. The Executive resolved:

- That the operating report be approved and signed.
- To endorse the Committee of Management Statement.
- That the Branch Secretary be authorised to sign the Committee of Management Statement.
- That the financial reports be distributed to members by publication on the LHMU website and advertising that link in the November edition of Union News.

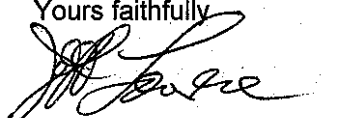
Subsequently the financial reports including the General Purpose Financial Report, the Auditors' statements and the operating report were supplied to members through publication on the LHMU website. Members also received a copy of Union News which contained an advertisement advising members how to view the reports on the website.

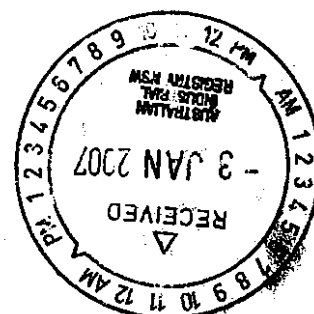
A full report was provided to the meeting of the Queensland Branch Executive on 6th December and was adopted by that meeting. Also enclosed is a copy of the Branch Secretary's certificate dated 21st December 2006.

On the basis of the above and the enclosed documentation it would seem that the Queensland Branch has complied with the audit and reporting requirements of the Act.

If you have any questions please contact me.

Yours faithfully


JEFF LAWRENCE
NATIONAL SECRETARY



www.lhmu.org.au

Received Event (Event Succeeded)

Date: 21/12/2006
Pages: 2
Sender: 61 7 38324232

Time: 11:58 AM
Duration: 1 min 15 sec
Company:

Fax Number:

Subject:

21/12 2006 10:57 FAX 61 7 38324232

LHMU QLD BRANCH

→ FED OFFICE

002/002

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION QUEENSLAND BRANCH

FINANCIAL REPORTS FOR THE YEAR ENDED 30 JUNE 2006

CERTIFICATE BY SECRETARY OR PRESCRIBED OFFICER

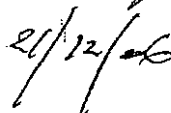
I Ron Monaghan, being the Branch Secretary of the Liquor, Hospitality and Miscellaneous Union, Queensland Branch, certify:

- That the documents lodged herewith are copies of the full report, referred to in s268 of the RAO Schedule; and
- That the full report was provided to members on 30 November 2006 and
- That the full report was presented to a meeting of the committee of management of the reporting unit on 6th December 2006 in accordance with section 266 of the RAO Schedule.

Signed



Date:



KPMG

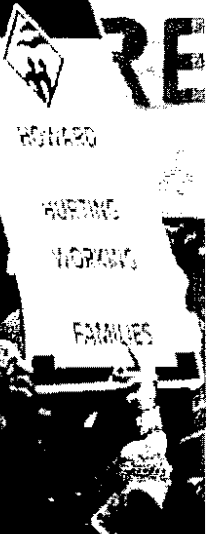
MIDDLE MARKET ADVISORY

Liquor, Hospitality and Miscellaneous Union

(Queensland Branch)

Annual Financial Report
for the year ended 30 June 2006

ADVISORY



**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

ABN 69 844 574 256

Contents

Operating report	1
Income statement	3
Statement of changes in equity	5
Balance sheet	6
Statement of cash flows	7
Notes to and forming part of the financial statements	8
Committee of management's certificate	30
Independent audit report	32

LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION (QUEENSLAND BRANCH)

ABN 69 844 574 256

OPERATING REPORT

The Committee of Management presents its report together with the financial report of LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION (QUEENSLAND BRANCH) ("the Union") for the year ended 30 June 2006 and the auditor's report thereon.

Members of the Management Committee

The Members of the Management Committee at any time during or since the end of the financial year are:

Shirley A Mellor	Sue Gayler
Ronald W Monaghan	Cathy Heenan
Gary Bullock	Sandra Lingard
Valda Graham	David Mellor
Carol Corless	Ron Morgan-Harry
Greg Davy	Christine Rowntree
Harry Claassen	Denise Starkey
Ross Dowling	Priscilla Waho
Jason Dutton	

Principal activities

The principal activities of the Union during the course of the financial year were to engage in the business of providing industrial representation and service for members.

There were no significant changes in the nature of the activities of the Union during the year.

Review and result of operations

The profit from ordinary activities amounted to \$2,230,264 (2005: \$334,076). The significant increase in profit from ordinary activities in 2006, was primarily caused by the gain of \$1,706,842 on the sale of the former business premises of the Union, located at 74 Astor Terrace Spring Hill QLD, made during the year.

Members right to resign from the Union

A member of the Union may resign from membership by written notice to the branch to which the member is attached. Resignation from membership of the Union takes effect:

- on the day on which the notice is received by the Union;
 - on the day specified in the notice;
 - at the end of the two (2) weeks after the notice is received by the Union,
- whichever is later.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**
ABN 69 844 574 256

OPERATING REPORT (continued)

Trustee of Superannuation Entity

Ronald Monaghan, Shirley Mellor and Gary Bullock (officers of the Union) are directors of Host-Plus (Qld) Pty Ltd, Trustee of Intrust.

Gary Bullock and Shirley Mellor (officers of the Union) are directors of Club Plus (Qld) Pty Ltd, Trustee of Club Super. Ronald Monaghan is an alternate director.

Shirley Mellor (officer of the Union) is a director of QIESS Pty Ltd, Trustee of QIEC Super. Gary Bullock is an alternate director.

Except for the above, the Committee are not aware of any officer or member of the Union who is;

- (i) a trustee of a superannuation entity or an exempt public sector superannuation scheme; or
- (ii) a director of a Union that is a trustee of a superannuation entity or an exempt public sector superannuation scheme; and

where a criterion for the officer or member being the trustee or director is that the officer or member is an officer or member of a registered organisation.

State of affairs

There were no significant changes in the state of affairs of the Union during the financial year under review.

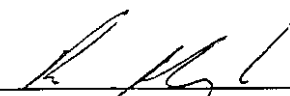
Number of members and employees

The number of members of the Union at 30 June 2006 was 28,931.

The number of full-time equivalent employees of the Union at 30 June 2006 was 55.8.

Dated at Brisbane this 27th day of September 2006.

Signed in accordance with a resolution of the committee of management:



Ronald Monaghan
LHMU – Queensland Branch Secretary

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006**

	2006 \$	2005 \$
Revenue		
Contributions from members	8,421,584	6,834,258
Grant income	22,727	22,727
Rental income	440,326	583,615
Sundry income	<u>317,577</u>	<u>194,595</u>
	<u>9,202,214</u>	<u>7,635,195</u>
 Gain on sale of non-current assets (Note 3)	 1,725,971	 21,154
Expenditure		
<i>Employee expenses</i>		
Annual leave	335,568	324,447
Fringe benefits tax	31,471	29,997
Long service leave	76,463	184,001
Payroll tax	186,767	143,762
Salaries and allowances		
Officials	187,193	138,531
Others	3,073,828	2,565,905
Superannuation	<u>504,245</u>	<u>354,338</u>
	<u>4,395,535</u>	<u>3,740,981</u>
 <i>Depreciation expenses</i>		
Office furniture and equipment	103,796	49,549
Library	28,182	10,887
Motor vehicles	115,165	118,790
Building improvements	17,216	8,823
Buildings	<u>176,177</u>	<u>227,696</u>
	<u>440,536</u>	<u>415,745</u>
 <i>Other expenses from ordinary activities</i>		
Affiliation fees	224,283	207,493
Arbitration fees and awards	3,855	5,104
Attendance fees and tea money	8,030	590
Audit and accountancy fees	14,726	26,041
Commission – payroll deductions	113,866	156,638
Computer expenses	13,719	14,419
Donations	12,699	72,537
Education and training	21,122	23,100
Federal Council - sustentation fees	1,215,817	1,045,077
General administration expenses	342,098	119,822

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 8 to 29.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**INCOME STATEMENT (continued)
FOR THE YEAR ENDED 30 JUNE 2006**

	2006 \$	2005 \$
<i>Other expenses from ordinary activities (continued)</i>		
Legal assistance – members	323,069	145,866
Magazine expenses	131,620	45,870
Meeting and conference expenses	121,421	82,772
Motor vehicle expenses	212,722	129,474
Organising expenses and accommodation	76,774	74,615
Overhead expenses – telephone, electricity and insurance	255,221	244,526
Postage, printing and stationary	252,353	178,205
Property expenses	202,872	283,962
Rates	50,120	36,343
Rent	42,484	35,372
Repairs and maintenance	107,702	30,910
Subscriptions and publications	25,217	27,493
Travel expenses	<u>126,533</u>	<u>87,337</u>
	<u>3,898,323</u>	<u>3,073,566</u>
Results from operating activities	<u>2,193,791</u>	<u>426,057</u>
Financial income (note 4)	88,906	55,708
Financial expenses (note 4)	<u>(52,433)</u>	<u>(147,689)</u>
Net financing income/(costs)	<u>36,473</u>	<u>(91,981)</u>
Profit before tax	<u>2,230,264</u>	<u>334,076</u>
Income tax expenses from ordinary activities (Note 1(e))	-	-
Profit for the period	<u>2,230,264</u>	<u>334,076</u>

The income statement is to be read in conjunction with the notes to the financial statements set out on pages 8 to 29.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006**

	2006 \$	2005 \$
Retained Earnings		
Balance of retained profits as at 1 July	5,820,039	5,485,963
Net income recognised directly in equity	-	-
Profit for the period	<u>2,230,264</u>	<u>334,076</u>
Balance of retained profits as at 30 June	<u>8,050,303</u>	<u>5,820,039</u>

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 8 to 29.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**BALANCE SHEET
AS AT 30 JUNE 2006**

	Note	2006 \$	2005 \$
Current assets			
Cash and cash equivalents	5	2,641,210	678,876
Trade and other receivables	6	181,663	44,568
Investments	7	10,150	10,150
Other assets	9	<u>25,886</u>	<u>35,381</u>
Total current assets		<u>2,858,909</u>	<u>768,975</u>
Non-current assets			
Property, plant and equipment	8	7,269,789	8,500,299
Investments	7	<u>110,020</u>	<u>110,020</u>
Total non-current assets		<u>7,379,809</u>	<u>8,610,319</u>
Total assets		<u>10,238,718</u>	<u>9,379,294</u>
Current liabilities			
Trade and other payables	10	1,233,989	700,070
Interest-bearing loans and borrowings	11	-	2,000,000
Employee benefits	12	<u>593,884</u>	<u>495,194</u>
Total current liabilities		<u>1,827,873</u>	<u>3,195,264</u>
Non-current liabilities			
Employee benefits	12	<u>360,542</u>	<u>363,991</u>
Total non-current Liabilities		<u>360,542</u>	<u>363,991</u>
Total liabilities		<u>2,188,415</u>	<u>3,559,255</u>
Net assets		<u>8,050,303</u>	<u>5,820,039</u>
Equity			
Retained earnings		<u>8,050,303</u>	<u>5,820,039</u>
Total equity		<u>8,050,303</u>	<u>5,820,039</u>

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 8 to 29.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2006**

	Note	2006 \$	2005 \$
Cash flows from operating activities			
Cash receipts in the course of operations		9,797,099	8,615,268
Cash payments in the course of operations		<u>(8,387,162)</u>	<u>(7,098,392)</u>
Cash generated from operations		1,409,937	1,516,876
Interest received		88,906	53,452
Interest paid		<u>(52,433)</u>	<u>(139,127)</u>
Net cash provided by operating activities	14	<u>1,446,410</u>	<u>1,431,201</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(446,549)	(7,157,313)
Proceeds from sale of property, plant and equipment		2,962,473	59,272
Proceeds from sale of investments		<u>-</u>	<u>3,485,680</u>
Net cash from/(used) in investing activities		<u>2,515,924</u>	<u>(3,612,361)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	3,250,000
Repayment of borrowings		<u>(2,000,000)</u>	<u>(1,250,000)</u>
Net cash from/(used) in financing activities		<u>(2,000,000)</u>	<u>2,000,000</u>
Net increase/(decrease) in cash and cash equivalents		1,962,334	(181,160)
Cash and cash equivalents at 1 July		<u>678,876</u>	<u>860,036</u>
Cash and cash equivalents at 30 June	5	<u>2,641,210</u>	<u>678,876</u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 8 to 29.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Liquor, Hospitality and Miscellaneous (the "Union") is a Trade Union domiciled in Australia.

The financial report was authorised for issue by the Branch Executive on 27 September 2006.

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs"), the Australian Accounting Standards Board ("AASB") and the Workplace Relations Act 1996. International Financial Reporting Standards ("IFRSs") form the basis of Australian Accounting Standards ("AASBs") adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS ("AIFRS") to distinguish from previous Australian GAAP.

This is the Union's first financial report prepared in accordance with Australian Accounting Standards, being AIFRS and AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied. An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the Union is provided in Note 22.

(b) Basis of preparation

The financial report is presented in Australian dollars. The entity has elected to early adopt the following accounting standards and amendments as at transition date:

- AASB 119 Employee Benefits (December 2004);
- AASB 2004-3 Amendments to Australian Accounting Standards (December 2004) amending AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004), AASB 101 Presentation of Financial Statements, AASB 124 Related Party Disclosures.
- AASB 2005-1 Amendments to Australian Accounting Standards (May 2005) amending AASB 139 Financial Instruments: Recognition and Measurement.
- AASB 2005-3 Amendments to Australian Accounting Standards (June 2005) amending AASB 119 Employee Benefits (either July or December 2004).
- AASB 2005-4 Amendments to Australian Accounting Standards (June 2005) amending AASB 139 Financial Instruments: Recognition and Measurement, AASB 132 Financial Instruments: Disclosure and Presentation, AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004), AASB 1023 General Insurance Contracts, AASB 1038 Life Insurance Contracts.
- AASB 2005-5 Amendments to Australian Accounting Standards (June 2005) amending AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards (July 2004), and AASB 139 Financial Instruments: Recognition and Measurement.
- AASB 2005-6 Amendments to Australian Accounting Standards (June 2005) amending AASB 3 Business Combinations.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation (continued)

- AASB 2006-1 Amendments to Australian Accounting Standards (January 2006) amending AASB 121 The Effects of Changes in Foreign Exchange Rates (July 2004)
- UIG 4 Determining whether an arrangement contains a Lease

The following standards and amendments were available for early adoption but have not been applied by the Union in these financial statements:

- AASB 7 Financial instruments: Disclosure (August 2005) replacing the presentation requirements of financial instruments in AASB 132. AASB 7 is applicable for annual reporting periods beginning on or after 1 January 2007
- AASB 2005-9 Amendments to Australian Accounting Standards (September 2005) 3 requires that liabilities arising from the issue of financial guarantee contracts are recognised in the balance sheet. AASB 2005-9 is applicable for annual reporting periods beginning on or after 1 January 2006
- AASB 2005-10 Amendments to Australian Accounting Standards (September 2005) makes consequential amendments to AASB 132 Financial Instruments: Disclosures and Presentation, AASB 101 Presentation of Financial Statements, AASB 114 Segment Reporting, AASB 117 Leases, AASB 133 Earnings per Share, AASB 139 Financial Instruments: Recognition and Measurement, AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards, AASB 4 Insurance Contracts, AASB 1023 General Insurance Contracts and AASB 1038 Life Insurance Contracts, arising from the release of AASB 7. AASB 2005-10 is applicable for annual reporting periods beginning on or after 1 January 2007.
- AASB 2006-2 Amendments to Australian Accounting Standards (March 2006)
- UIG 6 Liabilities arising from participating in a Specific Market-Waste Electrical & Electronic Equipment

The Union plans to adopt each of the above standards and amendments in the 2007 financial year, however the initial application of these standards and amendments is not expected to have an impact on the financial results of the Union.

The financial report is prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: financial instruments classified as available-for-sale and investment property.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Basis of preparation (continued)

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Union.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the Branch Executive in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 1.

The accounting policies set out below have been applied consistently to all periods presented in the financial report and in preparing an opening AIFRS balance sheet at 1 January 2004 for the purposes of the transition to Australian Accounting Standards – AIFRS.

(c) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority.

Contribution revenue

Contributions are accounted for on a cash receipts basis to recognise the basis on which fees are due and payable. Amounts are recognised net of goods and services tax (GST).

Rental income

Rental income from investment property is recognised in the income statement on a straight line basis over the term of the lease.

Grant income

Grant income is recognised as revenue when received.

Dividends

Revenue from dividends from investments in other entities is recognised when received.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investments and financing activities which are recoverable from, or payable to, ATO are classified as operating cash flows.

(e) Taxation

The Union is exempt from income tax under Income Tax Assessment Act 1997, Section 50-15.

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits.

(g) Receivables

Receivables are stated at their cost less impairment losses (see accounting policy l).

(h) Other investments

Current accounting policy

Other financial instruments held by the Union are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses.

The fair value of financial instruments classified as available-for-sale is their quoted bid price at the balance sheet date where there is an active market. In the event whereby financial instruments are available for sale, however an active market does not exist for the instruments, then the financial instruments are stated at cost, less any impairment loss.

Financial instruments classified as available-for-sale investments are recognised / derecognised by the Union on the date it commits to purchase / sell the investments. Securities held-to-maturity are recognised / derecognised on the day they are transferred to / by the Union.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Investments (continued)

Comparative accounting policy

Investments in other listed entities and other unlisted entities are measured at the lower cost and recoverable amount.

In measuring fair value, revaluation increments on a class of assets basis are recognised in the revaluation reserve except that amounts reversing a decrement previously recognised as an expense are recognised as revenues. Revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense.

(k) Property plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy l).

Certain items of property, plant and equipment that had been revalued to fair value on or prior to 1 January 2004, the date of transition to Australian Accounting Standards - AIFRSs, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent Costs

The Union recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Union and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The depreciation rates applied in the current and comparative periods are as follows:

	2006	2005
■ buildings	3.33%	3.33%
■ building improvements	4%	4%
■ office furniture and equipment	20-25%	20-25%
■ library	20%	20%
■ motor vehicles	25%	25%

The residual value, if not insignificant, is reassessed annually.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(1) Impairment

The carrying amounts of the Union's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of the Union's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e., the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment (continued)

Reversals of impairment (continued)

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a equity instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Payables

Trade and other payables are stated at cost.

(n) Interest bearing loans and borrowings

Current accounting policy

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Comparative period policy

Loans from other entities are recognised at their principle amount. Interest expense is accrued at the contracted rate and included in "Sundry creditors and accruals".

(o) Employee benefits

Defined contribution superannuation plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Long-term service benefits

The Union's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the Union's obligations.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Employee benefits (continued)

Wages, salaries, annual leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the Union expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Non-accumulating non-monetary benefits, such as cars are expensed based on the net marginal cost to the Union as the benefits are taken by the employees.

(p) Expenses

Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense and spread over the lease term.

Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and dividend income that are recognised in the income statement.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is ex-dividend date.

(q) Nature of the entity

The Liquor, Hospitality and Miscellaneous Union is an industrial union of employees registered at both State and Federal levels. The Queensland Branch has its principal place of business at 27 Peel St, South Brisbane. At balance date the Queensland Branch had 55.8 (2005:55.5) full time equivalent employees.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

2A WORKPLACE RELATIONS ACT 1996

In accordance with the requirements of the Workplace Relations Act 1996, the attention of members is drawn to the provisions of subsections (1), (2), (3) and (4) of section 272 of Schedule 1B of the Act, which reads as follows:

- (1) A member of a reporting unit, or a Registrar, may apply to the reporting unit for specified prescribed information in relation to the reporting unit to be made available to the person making the application.
- (2) The application must be made in writing and must specify the period within which, and the manner in which, the information is to be made available. The period must not be less than 14 days after the application is given to the reporting unit.
- (3) A reporting unit must comply with an application made under subsection (1).
- (4) A Registrar may only make an application under subsection (1) at the request of a member of the reporting unit concerned, and the Registrar shall provide to a member, information received because of an application made at the request of the member.

2B UNION PROPERTY AND FUNDS

The rules of the Union provide that all property and assets are held in the name of the Union. This particularly applies to property acquired from Branch funds but which is registered in the name of the Union. Branch funds themselves form part of the property of the Union.

The Union policy is for assets and property acquired from Branch funds to be accounted for in the financial statements of the Branch from whose funds the assets were acquired.

Similarly, all income received by a Branch (whether in the form of entrance fees, contributions, fines, fees, levies, dues or penalties or by way of investments and the like) is accounted for in the financial statements of that Branch.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	2006 \$	2005 \$
3 GAIN ON SALE OF NON-CURRENT ASSETS		
Disposal of 74 Astor Terrace	1,706,842	-
Disposal of motor vehicles	<u>19,129</u>	<u>21,154</u>
	<u>1,725,971</u>	<u>21,154</u>
4 NET FINANCING COSTS		
Interest income	<u>88,906</u>	<u>55,708</u>
Financial income	<u>88,906</u>	<u>55,708</u>
Interest expense	<u>52,433</u>	<u>147,689</u>
Financial expenses	<u>52,433</u>	<u>147,689</u>
Net financing income/(costs)	<u>36,473</u>	<u>(91,981)</u>
5 CASH AND CASH EQUIVALENTS		
Cash on hand	1,530	1,530
Current account	220,152	110,500
Cash management account	420,769	558,701
Safe custody account	1,990,511	-
Long service leave fund CBA	5,200	5,319
Queensland Blind Workers Union of Employees	<u>3,048</u>	<u>2,826</u>
	<u>2,641,210</u>	<u>678,876</u>
6 TRADE AND OTHER RECEIVABLES		
LHMU – National Office	92,500	-
Sundry receivables	<u>89,133</u>	<u>44,568</u>
	<u>181,633</u>	<u>44,568</u>
7 INVESTMENTS		
Current		
Term deposit	9,000	9,000
Shares – listed (available for sale)	850	850
Shares – unlisted (available for sale)	<u>300</u>	<u>300</u>
	<u>10,150</u>	<u>10,150</u>
Non-current		
Units in Unlisted Trusts:		
- Trades and Labour Council of Queensland Building Trust Rockhampton (available for sale)	50,020	50,020
- The QCU Bundaberg Unit Trust (available for sale)	<u>60,000</u>	<u>60,000</u>
	<u>110,020</u>	<u>110,020</u>

QUOR, HOSPITALITY AND MISCELLANEOUS UNITS
(QUEENSLAND BRANCH)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

8 PROPERTY PLANT AND EQUIPMENT

	Land	Buildings	Building Improvements	Office furniture and equipment	Library	Motor vehicles	Capital works in progress	Total
Cost								
Balance at 1 July 2004	373,000	1,692,732	184,252	183,423	35,310	507,575	70,454	3,046,746
Acquisitions	1,251,153	5,268,075	308,254	216,101	140,909	143,275	-	7,327,767
Disposals	-	-	-	-	-	(173,143)	(70,454)	(243,597)
Balance at 30 June 2005	1,624,153	6,960,807	492,506	399,524	176,219	477,707	-	10,130,916
 Balance at 1 July 2005	1,624,153	6,960,807	492,506	399,524	176,219	477,707	-	10,130,916
Acquisitions	-	-	146,723	126,572	-	173,233	-	446,528
Disposals	(373,000)	(1,692,732)	(184,252)	(39,171)	-	(198,700)	-	(2,487,855)
Balance at 30 June 2006	1,251,153	5,268,075	454,977	486,925	176,219	452,240	-	8,089,589
 Depreciation and impairment losses								
Balance at 1 July 2004	-	(915,083)	(77,461)	(94,821)	(35,310)	(227,222)	-	(1,349,897)
Depreciation charge for the year	-	(227,696)	(8,823)	(49,549)	(10,887)	(118,790)	-	(415,745)
Disposals	-	-	-	-	-	135,025	-	135,025
Balance at 30 June 2005	-	(1,142,779)	(86,284)	(144,370)	(46,197)	(210,987)	-	(1,630,617)
 Balance at 1 July 2005	-	(1,142,779)	(86,284)	(144,370)	(46,197)	(210,987)	-	(1,630,617)
Depreciation charge for the year	-	(176,177)	(17,216)	(103,796)	(28,182)	(115,165)	-	(440,536)
Disposals	-	972,257	85,497	56,290	-	137,309	-	1,251,353
Balance at 30 June 2006	-	(346,699)	(18,003)	(191,876)	(74,379)	(188,843)	-	(819,800)
 Carrying amounts								
At 1 July 2004	373,000	777,649	106,791	88,602	-	280,353	70,454	1,696,849
At 30 June 2005	1,624,153	5,818,028	406,222	255,154	130,022	266,720	-	8,500,299
 At 1 July 2005	1,624,153	5,818,028	406,222	255,154	130,022	266,720	-	8,500,299
At 30 June 2006	1,251,153	4,921,376	436,974	295,049	101,840	263,397	-	7,269,789

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	2005 \$	2005 \$
9 OTHER ASSETS		
Deposits	200	200
Prepayments	<u>25,686</u>	<u>35,181</u>
	<u>25,886</u>	<u>35,381</u>
10 TRADE AND OTHER PAYABLES		
Sundry creditors and accruals	841,104	662,099
GST payable	<u>392,885</u>	<u>37,971</u>
	<u>1,233,989</u>	<u>700,070</u>
11 INTEREST-BEARING LOANS AND BORROWINGS		
<i>Current</i>		
Loan – LHMU Victorian Branch	<u>-</u>	<u>2,000,000</u>
	<u>-</u>	<u>2,000,000</u>
12 EMPLOYEE BENEFITS		
<i>Current</i>		
Provision for annual leave	390,817	322,790
Provision for long service leave	<u>203,067</u>	<u>172,404</u>
	<u>593,884</u>	<u>495,194</u>
<i>Non-current</i>		
Provision for long service leave	<u>360,542</u>	<u>363,991</u>
	<u>360,542</u>	<u>363,991</u>
The present values of employee entitlements not expected to be settled within twelve months of reporting date have been calculated using the following weighted averages:		
Assumed rate increase in wage and salary rates (%)	4	4
Discount rate (%)	5.78	5
Settlement term (years)	10	10
The number of officers and employees in respect of whom the above provisions consist is as follows:		
Provision for annual leave	58	58
Provision for long service leave	60	59

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

13 FINANCIAL INSTRUMENTS

Effective interest rates and re-pricing analysis

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at the balance sheet date and the periods in which they reprice.

2006

	Note	Effective interest rate	Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Assets								
Cash and cash equivalents	5	5.22	2,641,210	2,641,210	-	-	-	-
Term deposits	7	4.15	9,000	9,000	-	-	-	-
Liabilities								
Loan from LHMU Victoria	11	-	-	-	-	-	-	-
			2,650,210	2,650,210	-	-	-	-

2005

		Effective interest rate	Total	6 months or less	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
Assets								
Cash and cash equivalents	5	1.50	678,876	678,876	-	-	-	-
Term deposits	7	4.15	9,000	9,000	-	-	-	-
Liabilities								
Loan from LHMU Victoria	11	6.25	(2,000,000)	(2,000,000)	-	-	-	-
			(1,312,124)	(1,312,124)	-	-	-	-

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

13 FINANCIAL INSTRUMENTS (continued)

Credit risk exposures

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all tenants requiring credit over a certain amount.

At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet.

Fair value of financial instruments

The Committee of Management consider the carrying amount of financial assets and liabilities approximates their net fair value.

Estimation of fair value

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments.

Securities

Fair value is based on quoted market prices at the balance sheet date without any deduction for transaction costs.

Interest bearing borrowings

Fair value is calculated based on discounted expected future principal and interest cash flows.

Receivables and payables

For receivables / payables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value. All other receivables / payables are discounted to determine the fair value.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

14 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2006 \$	2005 \$
Cash flows from operating activities		
Profit for the period	2,230,264	334,076
<i>Adjustments for:</i>		
Gain on sale of property, plant and equipment	(1,725,971)	(21,154)
Depreciation - Office furniture	103,796	49,549
- Library	28,182	10,887
- Motor vehicles	115,165	118,790
- Building improvements	17,216	8,823
- Buildings	<u>176,177</u>	<u>227,696</u>
Operating profit before changes in working capital and provisions	944,829	728,667
(Increase)/decrease in receivables	(137,095)	316,539
(Increase)/decrease in prepayments	9,516	(4,173)
(Increase)/decrease in accrued interest	-	14,320
(Decrease)/increase in provisions	95,241	281,780
(Decrease)/increase in payables	<u>533,919</u>	<u>94,068</u>
Cash generated from the operations	<u>1,446,410</u>	<u>1,431,201</u>
Net cash from operating activities	<u>1,446,410</u>	<u>1,431,201</u>

**LIQUOR, HOSPITALITY AND
MISCELLANEOUS UNION (QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

	2006 \$	2005 \$
--	------------	------------

15 CAPITAL AND OTHER COMMITMENTS

Capital expenditure commitments

Contracted but not provided for and payable

Less than one year	<u>24,000</u>	<u>-</u>
--------------------	---------------	----------

In the year ended 30 June 2006, the union contracted external parties for refurbishment of business premises at 27 Peel street at a total cost of \$124,000. Refurbishment works began in August 2006.

Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

Less than one year	22,600	5,436
Between one and five years	<u>28,500</u>	<u>-</u>
	<u>51,100</u>	<u>5,436</u>

The union leases property under non-cancellable operating leases expiring within one year

Leases as lessor

The Union leases out a portion of its business premises under operating leases. The future minimum lease payments under non-cancellable leases are as follows:

Less than one year	472,104	472,104
Between one and five years	<u>827,019</u>	<u>1,335,819</u>
	<u>1,299,123</u>	<u>1,807,923</u>

16 KEY MANAGEMENT PERSONNEL DISCLOSURES

Transactions with key management personnel

The persons holding the position of elected officials of the Union at anytime during the year ended 30 June 2006:

Shirley A Mellor
Valda Graham

Ronald W Monaghan
Gary Bullock

Officers' remuneration

Total amounts paid or payable, or otherwise made available to all officers from the Union or any related party:

Salary and wages	187,193	158,511
Superannuation	23,338	25,661
Other benefits	<u>20,800</u>	<u>23,400</u>
	<u>231,331</u>	<u>207,572</u>

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

17 NON-KEY MANAGEMENT PERSONNEL DISCLOSURES

During the year ended 30 June 2006, the Union:

- made affiliation fee payments to the Federal Office and to the Queensland Council of Unions. These payments are detailed in the income statement on pages 3 and 4 of these financial statements;
- made a contribution payment to the "Your Rights at Work" campaign of \$69,488 to the Federal Office (2005: Nil); and
- received reimbursement payments for wages paid by the Federal Office of \$185,000 (2005: \$112,500).

Included in sundry creditors is an amount payable to the Federal Office of \$ 340,552 (2005: \$288,407).

LHMU Victorian Branch

During the year ended 30 June 2005, the Union received an interest bearing loan of \$3,250,000 from the LHMU Victorian Branch. On 27 October 2004, the Union repaid \$1,250,000 of the loan.

The interest rate for the term of the loan is 6.25% p.a.

On 5 December 2005, the Union repaid the remaining balance of \$2,000,000 of the loan and as at 30 June 2006 the loan balance is nil.

18 AUDITORS REMUNERATION

	2006 \$	2005 \$
Audit services:		
Auditors of the Union – KPMG	21,500	19,900
Other services:		
Auditors of the Union – KPMG	<u>7,425</u>	<u>6,141</u>
	<u>28,925</u>	<u>26,041</u>

19 SEGMENT REPORTING

The Union operates to support its members through providing industrial representation and service for members within Queensland. The provision of industrial representation and service is the only business segment of the Union. The Union operates only within Queensland.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

20 EVENTS SUBSEQUENT TO REPORTING DATE

On 2 August 2006, the Branch Executive carried a motion to contribute \$200,000 to the Queensland Council of Unions to purchase land and buildings in Townsville.

The contribution will purchase approximately 10% of units in a unit trust which will be created to purchase and hold the land and buildings.

Apart from the matter identified above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Committee of Management of the Union, to affect significantly the operations of the Union, the results of those operations, or the state of affairs of the Union in future financial years.

21 CONTINGENCIES

Litigation

There are a number of outstanding legal actions against the Union. The Union is not aware of any circumstance or information which would lead them to believe that liabilities will crystallise and consequently no provisions are included in the financial statements. Furthermore, the Union believes that no amount is required as a contingent liability as they are confident the claims will be successfully defended.

22 EXPLANATION OF TRANSITION TO AIFRS

As stated in significant accounting policies note (a), these are the union's first financial statements prepared in accordance with AIFRSs.

The policies set out in the significant accounting policies section of this report have been applied in preparing the financial statements for the year ended 30 June 2006, the comparative information presented in these financial statements for the year ended 30 June 2005 and in the preparation of an opening AIFRS balance sheet at 1 July 2004 (the Union's date of transition).

In preparing its opening AIFRS balance sheet, the Union has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP). An explanation of how the transition from previous GAAP to AIFRSs has affected the Union's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

22 EXPLANATION OF TRANSITION TO AIFRS

(a) Asset revaluation reserve

Consistent with AIFRSs, the Union has elected to measure property, plant and equipment at its carrying value at the date of transition to AIFRSs and use that carrying value as its deemed cost. Under previous GAAP, land and buildings was measured at independent valuation.

The effect in the Union is to decrease the asset revaluation reserve at 1 July 2004 and 30 June 2005 by \$272,795. There is no effect on the income statement for the year ended 30 June 2005.

(b) Other investments

A term deposit with a maturity date beyond three months was classified as cash asset under previous GAAP and is reclassified as other investments under AIFRSs.

The effect in the Union is to decrease cash assets and increase other investments at 1 July 2004 and 30 June 2005 by \$9,000. There is no effect on the income statement for the year ended 30 June 2005.

(c) Income statement reclassifications

The following reclassifications were required in the 2005 income statement:

(i) Under previous GAAP, the gross proceeds from the sale of non-current assets and the carrying value of non-current assets sold were disclosed separately in the income statement. In accordance with AIFRSs, only the net gain or loss is recognised.

The effect to the 2005 income statement is to

- decrease the gross proceeds from the sale of non-current assets revenue by \$59,272;
- decrease the carrying value of property, plant & equipment expense by \$38,118; and
- increase the gain on sale of non-current assets by \$21,154.

There is no net effect on the income statement for the year ended 30 June 2005.

(ii) Under AIFRSs, financial income and costs are required to be disclosed separately in the income statement. Previous GAAP included financial income and costs in revenue and expenditure in ordinary activities.

The effect to the 2005 income statement is to

- decrease interest revenue by \$55,708;
- decrease other expenses by \$147,689;
- increase financial income by \$55,708; and
- increase financial expenses by \$147,689.

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

22 EXPLANATION OF TRANSITION TO AIFRS (continued)

Reconciliation of equity		Previous GAAP	Effect of transition to AIFRSs	AIFRSs
	Note	30 June 2005	1 July 2004	
Assets				
Cash and cash equivalents	b	687,876	(9,000)	678,876
Trade and other receivables		44,568	-	44,568
Investments	b	1,150	9,000	10,150
Other assets		35,381	-	35,381
Total current assets		<u>768,975</u>	<u>-</u>	<u>768,975</u>
Property, plant and equipment		8,500,299	-	8,500,299
Investments		110,020	-	110,020
Total non-current assets		<u>8,610,319</u>	<u>-</u>	<u>8,610,319</u>
Total assets		<u>9,379,294</u>	<u>-</u>	<u>9,379,294</u>
Liabilities				
Trade and other payables		700,070	-	700,070
Interest bearing loans and borrowings		2,000,000	-	2,000,000
Employee benefits		495,194	-	495,194
Total current liabilities		<u>3,195,264</u>	<u>-</u>	<u>3,195,264</u>
Employee benefits		363,991	-	363,991
Total non-current liabilities		<u>363,991</u>	<u>-</u>	<u>363,991</u>
Total liabilities		<u>3,559,255</u>	<u>-</u>	<u>3,559,255</u>
Net Assets		<u>5,820,039</u>	<u>-</u>	<u>5,820,039</u>
Equity				
Retained earnings	a	5,547,244	272,795	5,820,039
Property revaluation reserve	a	272,795	(272,795)	-
Total Equity		<u>5,820,039</u>	<u>-</u>	<u>5,820,039</u>

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

22 EXPLANATION OF TRANSITION TO AIFRS (continued)

Reconciliation of 2005 profit

	Note	Previous GAAP	Effect of transition to AIFRSs	AIFRSs
Revenue				
Contributions from members		6,834,258	-	6,834,258
Dividends received		-	-	-
Interest received	c(ii)	55,708	(55,708)	-
Grant income		22,727	-	22,727
Rental income		583,615	-	583,615
Gross proceeds from sale of non-current assets	c(i)	59,272	(59,272)	-
Sundry income		82,095	-	82,095
Total revenue		<u>7,637,675</u>	<u>(114,980)</u>	<u>7,522,695</u>
 Gain/(loss) on sale of non-current assets	c(i)	-	21,154	21,154
Expenditure				
Employee expenses		(3,628,481)	-	(3,628,481)
Depreciation expense		(415,745)	-	(415,745)
Other expenses	c(i),(ii)	(3,259,373)	185,807	(3,073,566)
Total Expenditure		<u>(7,303,599)</u>	<u>185,807</u>	<u>(7,117,792)</u>
	c(i)			
Profit before financing costs				
 Financial income	c(ii)	-	55,708	55,708
Financial expense	c(ii)	-	(147,689)	(147,689)
Net financial costs		<u>-</u>	<u>(91,981)</u>	<u>(91,981)</u>
 Profit for the period		<u>334,076</u>	<u>-</u>	<u>334,076</u>

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006**

23 RECEIPTS AND PAYMENTS FOR RECOVERY OF WAGES ACTIVITY

	2006 \$	2005 \$
Cash assets in respect of recovered money at the beginning of year	-	-
Receipts		
Amounts recovered from employers in respect of wage	115,678	77,143
Interest received on recovered money	-	-
Total receipts	<u>115,678</u>	<u>77,143</u>
Payments		
Deductions of amounts due in respect of membership for:		
12 months or less	(5,242)	(3,324)
greater than 12 months	(5,242)	(3,160)
Deductions of fees or reimbursements of expenses	(12,260)	(8,874)
Payments to workers in respect of recovered money	<u>(92,934)</u>	<u>(61,785)</u>
Total payments	<u>(115,678)</u>	<u>(77,143)</u>
Cash assets in respect of recovered money at end of year	<u>-</u>	<u>-</u>

**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

COMMITTEE OF MANAGEMENT'S STATEMENT

On 27 September 2006, the Committee of Management of the Liquor, Hospitality and Miscellaneous Union - Queensland Branch passed the following resolution in relation to the general purpose financial report (GPFR) of the branch for the financial year ended 30 June 2006.

The Committee of Management declares in relation to the GPFR that in its opinion:

- (a) the financial statements and notes comply with the Australian Accounting Standards;
- (b) the financial statements and notes comply with the reporting guidelines of the Industrial Registrar;
- (c) the financial statements and notes give a true and fair view of the financial performance, financial position and cash flows of the branch for the financial year ended 30 June 2006;
- (d) there are reasonable grounds to believe that the branch will be able to pay its debts as and when they become due and payable; and
- (e) during the financial year to which the GPFR relates and since the end of that financial year:
 - (i) meetings of the Committee of Management were held in accordance with the rules of the organisation including the rules of the branch concerned; and
 - (ii) the financial affairs of the branch have been managed in accordance with the rules of the organisation including the rules of the branch concerned; and
 - (iii) the financial records of the branch have been kept and maintained in accordance with the RAO Schedule and the RAO Regulations; and
 - (iv) the financial records of the branch have been kept, as far as practicable, in a consistent manner to each of the other branches and national council of the organisation; and
 - (v) the information sought in any request of a member of the branch or a Registrar duly made under section 272 of the RAO Schedule has been furnished to the member or Registrar; and
 - (vi) there has been compliance with any order for inspection of financial records made by the Commission under section 273 of the RAO Schedule.
- (f) in relation to the recovery of wages activity:
 - (i) note 23 in relation to the recovery of wages activity has been fairly and accurately prepared in accordance with requirements of the guidelines of the Industrial Registrar; and
 - (ii) the Committee of Management caused the auditor to include in the scope of the audit required under subsection 257(1) of the RAO Schedule, all recovery of wages activity by the reporting unit in which revenues had been derived for the financial year in respect of such activity; and

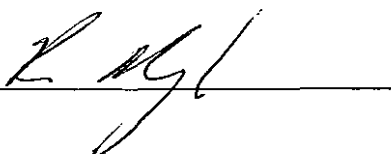
**LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

COMMITTEE OF MANAGEMENT'S STATEMENT (continued)

- (iii) no fees or reimbursements of expenses in relation to the recovery of wages activity or donation or other contributions were deducted from moneys recovered from employers on behalf of workers other than reported in note 23 of the notes to the financial statements; and
- (iv) that prior to engaging in any recovery of wages activity, the organisation has disclosed to members by way of a written policy, all fees to be charged or reimbursement of expenses required for recovery of wages activity, and any likely request for donations or other contributions in acting for the worker in recovery of wages activity; and
- (v) no fees or reimbursement of expenses in relation to recovery of wages activity or donations or other contributions were deducted from moneys recovered from employers on behalf of workers until distributions of recovered money were made to the workers.

For the Branch Executive

Signature



27 September 2006

Ronald W Monaghan
LHMU – Queensland Branch Secretary



**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)**

Scope

The financial report and the Committee of Management's responsibility

The financial report comprises the income statement, statement of changes in equity, balance sheet, statement of cash flows, accompanying notes to the financial statements, and the committee of management's statement for the LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION (QUEENSLAND BRANCH) (the "Branch"), for the year ended 30 June 2006.

The committee of management and the secretary of the Branch are responsible for the preparation and true and fair presentation of the financial report in accordance with the Workplace Relations Act 1996. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The committee of management and the secretary of the Branch are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standards AASB 1 First-time Adoption of Australian Equivalents to International Financial reporting Standards.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Branch. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Workplace Relations Act 1996, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Branch's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Committee of Management and the Secretary of the Branch.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.



**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION
(QUEENSLAND BRANCH)
(continued)**

Audit opinion

In our opinion, the financial report of the LIQUOR, HOSPITALITY AND MISCELLANEOUS UNION (QUEENSLAND BRANCH) is in accordance with:

- a) the Workplace Relations Act 1996, including:
 - i. giving a true and fair view of the Branch's financial position as at 30 June 2006 and of its performance for the financial year ended on that date; and
 - ii. complying with Accounting Standards in Australia; and
 - iii. complying with any other requirements imposed by the Reporting Guidelines or Part 3 of Chapter 8 of Schedule 1B of the Act; and
- b) other mandatory professional reporting requirements in Australia.

K P M G

KPMG

M J Fitzpatrick
Partner

Brisbane
27 September 2006



Australian Government
Australian Industrial Registry

Level 8, Terrace Towers
80 William Street, East Sydney, NSW 2011
Telephone: (02) 8374 6666
Fax: (02) 9380 6990
Email: sydney@air.gov.au

Mr Jeff Lawrence
National Secretary,
Liquor, Hospitality and Miscellaneous Union
Locked Bag 9
HAYMARKET NSW 1240

Dear Mr Lawrence

**Re: Lodgement of Financial Statements and Accounts – Liquor, Hospitality and
Miscellaneous Union, Queensland Branch – for year ending 30 June 2006 (FR2006/514)**

I refer to the abovementioned financial statements and accounts which were lodged in the
Registry on 3 January 2007.

The legislative requirements have been met and accordingly the documents have been filed.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Stephen Kellett'.

Stephen Kellett
Statutory Services Branch

9 January 2007